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17 March 1987

NOTE FOR: ADCI

VIA: Dave Gries 

FROM: 

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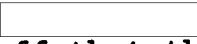
SUBJECT: Talking Points for Your Meeting with Senators Boren and Cohen

Following are some suggested lead-in remarks for use as talking points for your 18 March meeting with Senators Boren and Cohen.

1. Confirmation Hearing

We are working closely with the FBI and White House regarding Director-Designate Webster's nomination. My staff tells me that no glitches have appeared other than those already discussed. Does this agree with your impression?

2. Covert Action

We have just finished the CA hearing and welcome the Committee's heightened interest in our CA programs as evidenced by  hearing on  and today's CA overview. We have also heard from Staff that the CA compartment members want quarterly reviews with periodic updates in the intervals. Since we are partners in CA, we believe that this expression of increased interest will be beneficial to both sides.

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3. GAO

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4. Status on Dealings with Inouye Committee

We have established a close and cooperative working relationship with the Committee staff. They have begun their review of Agency documents at Headquarters in order to identify those which are pertinent to their investigation. Copies will be forwarded to them. Staff has also begun the process of interviewing Agency personnel.

5. Agency Personnel Program

We have just briefed SSCI on new Agency personnel programs. We will continue to keep you informed on these plans and invite your continued cooperation and support.



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GAO

United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

FEB 23 1987

Executive Registry

87-0897x

INSPECTOR GENERAL

RS-4161

The Honorable Robert M. Gates
Acting Director
Central Intelligence Agency

Attention: Director, Office of
Legislative Liaison

Dear Mr. Gates:

We have been requested by the Chairman and the Vice Chairman of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition to assist them in their investigation. They have asked that we continue and report to them on our on-going work being performed in response to a variety of congressional requests. This work has been divided into three general assignments:

- a request by the Chairman and the Ranking Minority Member of the House Committee on Foreign Affairs to review the transfer of arms to Iran and the disposition of funds from these sales (code 463751);
- a request by Senator Weicker to review the extent that U.S. commodities which require export licenses or those requiring U.S. permission to re-export have been approved or not approved for export to Iran (code 463752); and
- a request by Representative Feighan to review Republic of Korea resale or retransfer of U.S.-origin or U.S.-derived arms to third countries (code 463753).

In addition, they have requested that we soon report to them on two specific matters. These are:

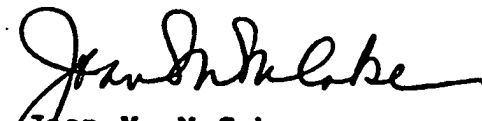
- the Defense Department's role in transferring TOW missiles and Hawk spare parts to Iran, including information on Defense's pricing of these items; and
- whether any additional transfers of arms were made to Iran beyond those known to have occurred in 1986 and/or if any transfers of military items were made to the Nicaraguan Opposition during the time such activity was not authorized by the Congress.

The Chairman and Vice Chairman noted that the Committee's intent is to report its findings by August 1, 1987. They have requested that our work extend to all of those offices and agencies of the government that were in any way involved or have any information concerning these transfers. As such, our work will be conducted in Washington, D.C., and at various sites in the United States and overseas.

Mr. Stewart L. Tomlinson, Group Director in the National Security and International Affairs Division's Security and International Relations Group, is responsible for conducting these assignments. He or members of his staff will contact your designated representative to discuss their needs further as the scope of this review is developed. In the meantime, if you have further questions, they can be reached on 695-1713.

We have also notified other U.S. government agencies and departments of this review. Your assistance in making the necessary information available to complete this assignment will be appreciated.

Sincerely yours,



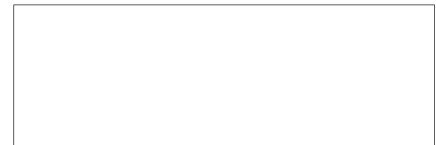
Joan M. McCabe
Associate Director

CENTRAL INTELLIGENCE AGENCY
Office of the Inspector General

5 Mar 87

Executive Secretariat -

Pls transfer action on this
memo to OCA. I have discussed
it with Dave Giers.



STAT



EXECUTIVE SECRETARIAT

ROUTING SLIP

TO:

		ACTION	INFO	DATE	INITIAL
1	PCI		X		
2	DDCI				
3	EXDIR		X		
4	D/HES				
5	DDI				
6	DDA		X		
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG	X →			
12	Compt				
13	D/OCA	← X			
14	D/PAO				
15	D/PERS				
16	D/Ex Staff		X		
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19					
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SUSPENSE _____ Date _____

Remarks

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Executive Secretary

3 Mar '87

Date

3637 (10-81)

WASHINGTON POST
13 March 1987

GAO Asked to Probe Alleged Diversion of Afghan Rebel Aid

Scrutiny of Covert Assistance Program May Be Hampered by Secrecy, Jurisdictional Questions

By David B. Ottaway
Washington Post Staff Writer

Rep. William H. Gray III (D-Pa.), has asked the General Accounting Office to investigate allegations that hundreds of millions of dollars in covert U.S. military aid for the anticomunist resistance in Afghanistan has been diverted in the past seven years.

The request by Gray, chairman of the House Budget Committee, was made in a letter to the GAO on Feb. 25. Gray aides and GAO investigators will meet Monday to discuss the scope of the investigation, according to congressional sources.

Gray's office refused to comment on the investigation except to confirm the congressman's request.

The request poses a delicate political problem for the administration and Congress, as neither has ever formally acknowledged the existence of a covert Afghan program.

In addition, it is not clear that the GAO has the authority to conduct an investigation into a covert operation, such as the U.S. military aid program to the Afghan rebels. The Senate and House intelligence committees are the designated congressional oversight bodies for covert operations.

GAO Associate Director Joan M. McCabe said the Central Intelligence Agency has taken the position that it will not open its files to the GAO and will accept oversight only by the two intelligence committees.

"I don't think it's a case of legal restrictions on our authority, but we certainly have access problems [with the CIA]," she said.

She said the GAO has asked Congress for "clarifying legislation" on its jurisdiction over CIA programs. The issue also will be discussed at Monday's meeting with Gray's aides.

David Holliday, Senate intelligence committee spokesman, said the GAO had never been allowed to audit CIA accounts because of "a very large security consideration."

The U.S. aid program to the Afghan rebels, begun by the Carter administration, is by far the largest U.S. covert operation and is believed to total more than \$1.5 billion in military aid since its inception in 1979.

The GAO probe requested by Gray comes in the wake of persistent allegations by the Federation for American Afghan Action, a Washington-based U.S. resistance support group, that 70 percent of

the \$342 million appropriated by Congress for arms between the fiscal years 1980 and 1984 never reached the fighters in the field.

Andrew Eiva, federation chairman, said he had "good documents" covering the years 1981 to 1984 to back up his charges and was prepared to share them with the GAO investigators. He said he had arrived at the figures on the basis of his talks about actual arms deliveries with leaders of the seven Afghan rebel factions fighting inside Afghanistan.

Eiva said that he believes the portion of aid diverted in 1985 and 1986 was "roughly the same."